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**SIXTH ANNUAL REPORT**  
**OF**  
**The Board of Directors**  
**TO**  
**The Advisory Board**  
**OF**  
**SOUTH CAROLINA**  
**PUBLIC SERVICE AUTHORITY**

**JULY 1, 1940--JUNE 30, 1941**

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SIXTH ANNUAL REPORT  
of the  
BOARD OF DIRECTORS OF THE  
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY  
to  
THE HONORABLE THE ADVISORY BOARD OF THE  
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

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In compliance with Section 2 of Act No. 887 of the Acts of the General Assembly for 1934 creating the South Carolina Public Service Authority and defining its powers and duties, the Board of Directors of the Authority respectfully submits this, its sixth annual report (fiscal year July 1, 1940 to June 30, 1941) to his Excellency, the Honorable J. Emile Harley, Governor, the Honorable John M. Daniel, Attorney General, the Honorable Jeff Bates, State Treasurer, the Honorable A. J. Beattie, Comptroller General, and the Honorable W. P. Blackwell, Secretary of State, composing the Advisory Board of the Authority.

The Board of Directors acknowledges with grateful appreciation the whole-hearted cooperation received from State and Federal agencies and the understanding and encouragement evidenced by the people in this State's greatest public undertaking.

MEMBERS OF THE BOARD

Since the last annual report to the Advisory Board, there has been no change in the Board of Directors. The Honorable Vice-Chairman, D. D. Witcover, of Darlington, was re-appointed by Governor Burnet R. Maybank on February 10, 1941, to a full seven year term.

Chairman Tom B. Pearce was re-appointed by Governor Maybank on August 13, 1941 for a seven year term.



The Board of Directors remains as follows:

Tom B. Pearce, Columbia, S. C.	Chairman
D. D. Witcover, Darlington, S. C.	Vice-Chairman
W. L. Daniel, Greenwood, S. C.	2nd Vice-Chairman
Edwin B. Boyle, Sumter, S. C.	
Walter G. Jackson, Spartanburg, S.C.	
James E. Powe, Cheraw, S. C.	
W. L. Rhodes, Estill, S. C.	

During the fiscal year, July 1, 1940 to June 30, 1941, the Board has met for a total of fifty-two (52) days in the offices of the Authority at Charleston and Columbia, South Carolina. The bi-monthly meetings of the Board enable it to observe closely and counsel wisely on the many phases of this multi-purpose project. We take pardonable pride in the most efficient organization we have perfected and welcome this opportunity to thank and commend the officials, department heads, and the entire personnel for the wonderful job they have done during the past year.

#### STATUS OF CONSTRUCTION WORK

Up to June 30, 1941, forty-three contracts have been awarded on the Project totaling approximately \$27,500,000. These contracts provide for (1) manufacturing and installing such equipment as turbines, generators, transformers, oil circuit breakers, switchboards and wiring, spillway gates, lock gates, lock operating machinery, gantry cranes, powerhouse cranes; (2) the construction of the lock, powerplant and Santee spillway; (3) the earthwork in constructing the Santee Dam, Pinopolis dam and dikes, and slope protection for these structures; (4) the excavation of the diversion canal, tail canal, and Cooper River improvements; (5) the Charleston transmission line.

Progress on the work has been satisfactory and at the present time, placing of concrete has been substantially completed in all structures except the powerhouse superstructure, which will be completed about October 1st. One block of concrete in the dam, at the east end of the powerhouse, has been left out for the contractors' convenience in reaching the upstream side. Turbine installation is nearing completion and generator erection is well under way.

The general contractor on the powerhouse is concentrating on turbine erection at the present time in order to clear the



way for generator erection. The gantry crane on the powerhouse intake is being erected preparatory to assembly and adjustment of the intake gates.

Concrete in the lock is complete. The upper lock gates and emergency tainter gate are complete as well as one lower lock gate. The remaining lock gate is about 70% complete. Operating machinery has been installed and electrical connections are being made.

The east and west Pinopolis earth dams have been completed and slope paving has been placed. The low dikes around the Pinopolis reservoir have been completed with the exception of the west dike from Pinopolis to Metz's store. The contractor is working on this section now and should have it completed about October 15th. Foundation grouting in the east dike foundation has been started.

Excavation for the tail canal from the powerhouse to the Cooper River is under way and good progress is being made. The major portion of the excavation between Highway 52 and the Atlantic Coast Line has been done. The bypass track for the railroad has been completed and traffic is due to be diverted to it from the main line within a short time. Excavation through the main line can then be done and piers for the new lift bridge can be started. The Highway Department has prepared a detour so that a cut through Highway 52 can be made soon. Diking along the Cooper River is well under way, and dredging has just been started. Dikes on each side of the dredged channel are being constructed to protect adjacent landowners.

Excavation in the diversion canal, which connects the two reservoirs, is nearing completion and should be finished about September 1st. The control structure in the canal to be used in regulating flow during reservoir filling operations is under construction and should be completed during August.

The South Santee Dam has been completed and slope protection placed on it, except for a short section near the spillway.

The dredging for the north Santee dam is about complete. The contractor is working on the closure section in the channel of the river and expects to divert the flow through the spillway openings within a short time. Slope protection is being placed rapidly on the upstream face.



The spillway is substantially complete except for closing the openings, through which the river will flow until it is time to close them and start to fill the reservoirs. All sixty-two tainter gates have been placed and about half of them riveted. One gantry crane is being erected and material for the second one is arriving daily.

Major contracts yet to be awarded will cover the following items:

Atlantic Coast Line Railroad Lift Bridge  
Superstructure  
Interior Finish - Powerhouse  
Charleston Substation  
Grounds Layout and Operators' Building

#### TIME OF COMPLETION OF PROJECT

The Project will be completed before the end of the fiscal year ending June 30, 1942, but by the time this report is submitted the actual generation and distribution of South Carolina's Santee-Cooper power will be a factual actuality.

#### FEDERAL POWER COMMISSION LICENSES

During the fiscal year ending June 30, 1941, the Federal Power Commission has granted the following amendments to the original license for Project No. 199, Santee-Cooper Project:

Amendment No. 6 of License: Providing for a change in the clearing of Santee Basin upstream from Highway 15 to the extent that only underbrushing will be done for the last one-half mile out from contour 75 or the periphery of the lake.

Amendment No. 7 of License: Providing 115 kv transmission lines from the site of the powerhouse at Pinopolis to Charleston and from Pinopolis to Bowman.

#### LOAN AND GRANT AGREEMENTS

On March 15, 1941, the Authority entered into a new loan and grant agreement (known as the Fourth Amendatory Loan and Grant Agreement), between the South Carolina Public Service Authority and the United States of America, whereby the Authority will sell and the government will purchase at the principal amount thereof, plus accrued interest, Twenty-two



Million Two Hundred and Five Thousand (\$22,205,000.00) Dollars aggregate principal amount bonds of the Authority of the description as set forth in the Third Amendatory Loan and Grant Agreement. The bonds are to bear interest at the rate of four per cent (4%) per annum payable semi-annually on January and July of each year until the principal amount is paid. The authorized issue of bonds is Thirty Million (\$30,000,000.00) Dollars issuable as provided in the Trust Indenture herein after referred to.

In addition, the government agreed to make a grant in the amount of forty-five per cent (45%) of the cost of the project not to exceed the maximum sum of Seventeen Million Eight Hundred and Twenty Thousand (\$17,820,000.00) Dollars. This results in a loan of Twenty-two Million, Two Hundred and Five Thousand (22,205,000.00) Dollars and grant in the amount of Seventeen Million Eight Hundred Twenty Thousand (\$17,820,000.00) Dollars or a total Federal allotment of Forty Million Twenty-five Thousand (\$40,025,000.00) Dollars.

The Loan and Grant Agreement between the United States of America and the Authority conforms to the Act creating the Authority and does not obligate the State of South Carolina or any of its political subdivisions.

#### THE INDENTURE

An agreement known as "The Indenture" dated as of July 1, 1939, was entered into between the Authority and the South Carolina National Bank of Charleston on November 16, 1939. Under this Indenture the bank was designated trustee for the purpose of receiving, holding and disbursing to the holders of all bonds issued under the terms of the Indenture the moneys due such holders under its terms. The Indenture provides for the issuance by the Authority of "South Carolina Public Service Authority four per cent (4%) Revenue Bonds" limited to an aggregate principal amount of Thirty Million (\$30,000,000.00) Dollars, to mature on July 1, 1976, and also provides for the setting up of a Sinking Fund for the retirement of the bonds and for the payment of the principal and interest thereon when due.

#### CONSTRUCTION FUND AGREEMENT

On November 16, 1939, the Authority entered into an agreement with The South Carolina National Bank of Charleston;



this agreement being known as the Construction Fund Agreement. Under the terms of that Agreement, the Bank was appointed Trustee for the purpose of receiving as Depositary and assuring the proper application of the proceeds of the Grant to the Authority from the Government and the proceeds from the sale of any of the bonds of the Authority upon the sale thereof. The moneys in the Construction Fund are held by the Bank as Trustee in trust to be applied to the payment of the cost of construction and acquisition of the Project, and pending such application, are held subject to the terms of the Loan and Grant Agreement and the Indenture. The moneys in the Construction Fund necessary for payment on the costs of construction and acquisition of the Project are paid out only after receipt by the Bank of requisitions setting forth in full the purposes of the requisitions, signed by various officials of the Authority, approved by the Project Engineer of Public Works Administration and supported by legal opinion of the General Counsel of the Authority to the effect that all of the terms of the Construction Fund Agreement have been complied with.

All requisitions for the withdrawal of funds from the Construction Fund covering any and all expenditures of the Authority are approved by the Board of Directors of the Authority before disbursements are made.

#### ENGINEERING CONSTRUCTION PROGRESS

The twelve month period ending June 30, 1941 has seen the peak of construction reached and passed. Employment was heaviest during the months of March, April and May, the peak month being April with 11,336 workers aside from the Authority and PWA staffs. Employees throughout the Project are drawn from all parts of the State, employment on construction contracts being handled directly by the various contractors.

Of the total 240,000 acres to be surveyed and mapped, this work is now about 99% finished. The surveying and mapping of 308 of the 318 miles of boundary lines was completed during this period, leaving only 3% yet to be done.

The results of the hydraulic model experiments conducted by the U. S. Army Engineers at their Vicksburg Laboratories resulted in a modification of the spillway section of the Santee Dam at some increase in cost.



### CLEARING RESERVOIRS

The clearing of the reservoirs has shown steady progress, and at the close of the fiscal period some 67,350 acres, representing approximately 71% of the 95,000 acres to be cleared, had been completed. The Authority made a direct contribution toward this work by financing the building and equipping of nine complete camps, and furnishing the mechanical equipment for operating them. The work of clearing reached a peak in April with 8,675 workers operating from thirty camps, spaced around the two reservoirs. The WPA has handled a difficult clearing operation in a most efficient manner and has established a remarkable safety record for this ordinarily hazardous work.

Ninety per cent of the merchantable timber has been removed from the Reservoir areas and the balance will be taken out before impoundment.

### EIGHTEEN NEW CONTRACTS

Eighteen additional contracts were awarded during the fiscal period totalling \$8,208,099.53, bringing the total of 43 contracts awarded through June 30, 1941, to \$27,303,596.66. Thirty-one of these construction contracts are now active, totalling \$26,661,515.48. The construction costs by contracts as of June 30, 1941, are shown on the attached Exhibit "A". The work under these contracts at the close of the period was 71.3% complete. The few remaining contracts to be let include construction of the A.C.L. bridge over the Tail Canal, Powerhouse Finishing and Lighting, Transmission Lines and the development of operators' houses and grounds at both the Pinopolis Powerhouse and the Santee Dam sites.

### MUSEUM SPECIMENS

Accurate geological information of the entire project area is being obtained and recorded. Many interesting specimens have been found and preserved, among the most interesting being the complete skeleton of a prehistoric whale and several perfect mammoth and mastodon's teeth and other fossils of great age.

### A DEFENSE PROJECT

During the period, the Santee-Cooper was declared a necessary adjunct to National Defense and priority ratings were given to materials and equipment orders. The natural rise in the



cost of construction materials and increased demands for labor, due to the National Emergency, have been reflected in an increased project cost. This has also been augmented by the "Speed-Up" order applicable to Santee-Cooper as a unit in the National Defense Program.

### FISH AND WILDLIFE

Through joint efforts of the interested Agencies a \$200,000.00 federal appropriation was secured for the development of extensive wildlife conservation measures, this money to be expended under the direction of the U. S. Fish and Wildlife Service. Prior to the close of the period, a contract was let for the construction of dikes around some 2,000 acres in the Pinopolis Reservoir as a wildfowl sanctuary and the building of five fish rearing pools on the Santee Reservoir. Some 90,000 acres of the area of the two reservoirs have been leased to this Service and have been declared "closed areas" by them. This step will conserve the wildlife resources during the adjustment period. The State Game & Fish Department have given their approval and support of this measure to protect the game and fish in this area.

### HYDRAULIC STUDY

A brief but comprehensive study and report of the hydraulic characteristics of the project are under way and will soon be finished. This report will show the inter-relation of streamflow to power available based on the installed capacity and will be invaluable in the proper operation of the reservoirs to obtain maximum use of available water.

### POWER SALES

During the fiscal year, two major power contracts were negotiated by the Industrial and Development Section. One covers the sale of industrial power to the Pittsburgh Metallurgical Company, Inc. of Niagara Falls, N. Y., who have contracted to purchase 5,000 KW of primary power and 5,000 KW of secondary power for use in electric furnace production of ferro-alloys at a plant now nearing completion near Charleston. The other major contract provides for the furnishing of power by the South Carolina Power Company to the Pittsburgh Metallurgical Company previous to the completion of the Santee-Cooper Project, and for the subsequent sale by the Authority to the S.C. Power Company of 10,000 KW of primary power and 10,000 KW of



secondary power, to be used for general distribution in their system.

Many inquiries were received from prospective customers who have been furnished information regarding power rates, freight rates and other transportation data, sources of raw materials, chemical and mechanical analyses of local resources and availability of industrial sites.

Careful investigation has been made of all prospective customers as to financial responsibility, employment potentialities and all other factors determining their potential contribution to the development of the State. Wherever possible, commercial and industrial opportunities have been brought to the attention of local capital for development.

A thorough power cost analysis and market survey has been made, upon the results of which an initial rate structure has been developed and upon which rate schedules may be based, as the details of the Authority's power distribution are worked out. Active cooperation has been afforded the Rural Electric Cooperatives of the State in working out technical problems connected with their purchase of Santee-Cooper power.

#### ACQUISITION OF PRIVATE UTILITIES

During the current fiscal year negotiations were continued with the Trustees appointed by Judge Vincent Leibel, Federal District Judge, Southern District Court of New York, leading toward the purchase, by the Authority, of the South Carolina Electric & Gas Company and the Lexington Water Power Company. This work has been carried to practical agreement between the Trustees and the Authority; however, certain details remain to be completed before the signing of the agreement.

Negotiations were conducted with the Walnut Electric & Gas Corporation in New York which resulted in the purchase of the assets of the South Carolina Utilities Company by the Authority on May 29, 1941. Since that date, the Authority has operated the electric and ice properties formerly owned by this Company and has been serving the consumers in both Horry and Georgetown Counties. The Myrtle Beach water distribution system formerly owned by the Company was taken over by the Town of Myrtle Beach simultaneously with the acquisition of the electric power and light system by the Authority. Since the Authority assumed the operation of these utilities, rates have



been reduced on residential and commercial service, as well as municipal service for street lighting, and water and sewerage pumping. This has resulted in a saving to consumers in this area of some ten thousand dollars annually. The territory is growing very rapidly at this time and is expected to continue to develop even more rapidly under the stimulus of lower rates.

### TRANSMISSION SYSTEM

The month of June, 1941, marked the beginning of the Authority's establishment of a transmission division of the Engineering Department to design and supervise the construction of the transmission lines and substations proposed for construction by the Authority.

The following lines are proposed for construction in the next twelve months:

Pinopolis-Bowman	115 KV line	45 miles
Pinopolis-Conway	115 KV line	75 miles
Pinopolis-Columbia	115 KV line	100 miles
Pinopolis-Santee Spillway	12 KV line	20 miles
Pittsburgh Metallurgical Co.	13.8 KV connection	2½ miles
Bowman-tap line to Columbia line	115 KV line	10 miles
Columbia-Newberry	115 KV line	45 miles

In addition to the above proposed work the Authority took over from Harza Engineering Company the engineering work and inspection involved in completing the construction of the 115 KV transmission line from Pinopolis to Charleston.

By the middle of June, after receiving approval for departmental organization early in the month, the transmission division had a survey party in the field and had obtained sufficient information to co-ordinate designs and to request and receive informal bids on construction of the proposed 13.8 KV transmission line between the Authority's proposed North Charleston substation and the Pittsburg Metallurgical Company.

The next fiscal period will witness the completion and beginning of operation of the project. Plans call for operation of one 40,000 horse power unit under low head to furnish power to a newly established industry before January 1, 1942. It is expected that all units will be in full operation by March, 1942.



LEGAL DEPARTMENT

The fiscal year just closed has been the busiest that the Legal Department has had since the construction work began. In order to handle the large number of legal matters arising in the Legal matters arising in the general work of the Department and to dispose of the great rush of condemnation work speedily, the Department has been enlarged from time to time during the fiscal year and at the close of the year it had reached its maximum size in personnel. The Department is especially organized to meet the complicated and extensive demands upon it. It has special attorneys, stenographers and clerks assigned to the various lines of work so as to promote maximum efficiency and speed in concluding the important work before it.

The following chart shows the general work of the Department organized by divisions or sections, to wit:

LEGAL DEPARTMENT

GENERAL COUNSEL

<u>ASST. GENERAL COUNSEL</u>					
<u>ARBITRATION</u>	<u>CEMETERIES</u>	:	<u>TRIALS</u>	<u>CONTRACTS</u>	<u>OPINIONS</u>
		:			
		:			
<u>CONDEMNATION UNIT</u>			<u>TRANSMISSION SECTION</u>		
		:			
<u>PLEADING DIVISION</u>	<u>TRIAL DIVISION</u>		<u>EQUITY DIVISION</u>		

The above sketch of organization does not attempt to show the various positions assigned to the attorneys and stenographers in connection with the work of the Department, but in each Unit, Division and Section a sufficient number of efficient and capable lawyers and stenographers are daily engaged in the work of the Authority.



Under the organization plan the General Counsel with the help of the Assistant General Counsel is directly in charge of all of the work of the Department and gives supervision, instructions and assignments. The General Counsel and the Assistant General Counsel take part in all major litigation, review the work of the various Divisions, attend the meetings of the Board of Directors, confer with various Departments on legal matters involving the work of the Authority, prepare opinions and advise generally on all matters of importance. The general work of the Legal Department may be roughly divided into five major classifications as follows: General Trial Work, Arbitration, Contracts, Cemeteries, and Opinions.

### GENERAL TRIAL WORK

Aside from Trial Work handled in the regular way in the Condemnation Unit as hereinafter mentioned several important matters of litigation have been handled by the Department during the last fiscal year, among which are the cases that follow.

Atlantic Coast Line Railroad Case: This case was instituted prior to the last Annual Report and was pending in the original jurisdiction of the Supreme Court of South Carolina at the beginning of this fiscal year. The suit was instituted for the purpose of requiring the A. C. L. Railroad Company at its own expense to remove its bridge over the old Santee Canal and to erect a new bridge over the Tail Canal of the Authority. The case was referred by the Supreme Court and lengthy hearings were had before the Special Master. When the case was ready for final hearing in the Supreme Court the Authority reached an agreement with the Railroad whereby the case was discontinued and the Authority and the Railroad will share jointly in the expense of constructing the bridge, with all maintenance to be done by the Railroad. Application will be filed under the Truman-Hobbs Act for a special allocation by the United States for a portion of the costs of the bridge on account of navigation requirements of the Government.

Major Condemnation Cases: During the fiscal year several large condemnation cases have been completed in the Federal Court, including the Dillon and Barnes case, involving more than 11,000 acres of land, which had been appealed to the Circuit Court of Appeals by the landowners from a verdict of the Jury in the United States District Court, which verdict sustained the position of the Authority as to values. The United



States Circuit Court of Appeals rendered an opinion sustaining the District Court and the case has been settled. In the Dillon and Barnes case a majority of the Board of Referees had valued the land at more than \$250,000, which sum was deposited by the Authority. The Jury rendered a verdict slightly above \$109,000, which verdict and judgment were later sustained by the Circuit Court of Appeals and the Authority has secured a refund for the difference. Another important Condemnation case was that against the Murphy Estate, involving about 4,000 acres of land, in which case the Jury sustained the position of the Authority as to values and which was settled after the rendition of the verdict under a special order of the District Court. In all major Condemnation Cases juries in the State and Federal Courts have almost without exception sustained the position of the Authority with regard to values. The Authority has dealt reasonably with landowners in arriving at valuations, which appraisals after careful review have in most cases been sustained by the Courts.

The Beidler Condemnation Case: This condemnation proceeding was instituted to acquire approximately 61,000 acres of land from the Beidler interests, formerly Santee River Cypress Lumber Company. In the previous fiscal year the Authority, being required to obtain immediate possession of this large acreage, had given bond of \$1,000,000 in cash deposited in the lock vault of a bank and a surety bond of \$1,000,000. Referees later valued the entire holdings at \$800,050, at which time the surety bond was cancelled and a portion of the \$1,000,000 deposit was refunded. Within the last fiscal year the Authority reached a settlement with the owners of the land, whereby the Authority paid the sum of \$650,000 for these lands and valuable timber thereon, after which settlement an addition refund was made to the Authority from the deposit originally made. A settlement of this suit sustained in the main the position of the Authority as to values and paid to the landowners all that the lands and timber were reasonably worth.

#### ARBITRATION

In all construction contracts of the Authority a provision has been inserted providing for arbitration rather than suit to determine differences between contractors and the Authority. This is in line with the generally accepted belief that differences should be settled by negotiation or arbitration rather than by litigation.



## CONTRACTS

Construction Contracts: During the fiscal year, the Department has assisted in the drafting and gave final review and approval of eighteen construction contracts.

Timber Sale Contracts: During the fiscal year much timber which the Authority had previously bought has been sold at favorable prices in view of the limited time which could be given for its removal.

Power Sale Contracts: For the last several months the Authority has been engaged in considering sales of power to be generated, looking to the disposal of the power to the best interests of the State. One of the principal contracts is that with the Pittsburgh Metallurgical Company for its large plant now being erected in the city of Charleston. Another important contract was that with the South Carolins Power Company for the sale to that Company of a large block of power.

Cooper River Easement Contracts: The Authority is engaged in improving the navigable capacity of the Cooper River into which its Tail Canal discharges in order to provide a proper navigable channel and to protect adjacent property from damage by reason of the diversion of the waters of the Santee River. It was necessary to negotiate and draft agreements with property owners adjoining the Cooper River, the property being largely used for rice fields and duck hunting. These negotiations extended over a long period and resulted in securing proper agreements without the necessity of condemnation.

Miscellaneous Contracts: During the fiscal year the Department has negotiated and drafted contracts dealing with various subjects, such as with the State Highway Department concerning roads and bridges; with Western Union Telegraph Company and with Berkeley Electric Co-operatives for rebuilding lines across the Tail Canal; numerous Trust Agreements covering special deposits of moneys in connection with certain types of construction; with tenants occupying various lands and properties of the Authority and contracts dealing with a great diversity of subjects.

## CEMETERIES

One of the problems confronting the Authority during the construction period was the proper disposal of the large number of cemeteries and graves in the project area. This has required work of a most sympathetic nature because the same dealt



with the high sentimental attachment to cemeteries by surviving relatives of people who had been buried in those cemeteries. A large amount of this work fell upon the Legal Department in seeing that the law was strictly complied with and that the best interests of the Authority and the people concerned were carefully considered. There is a Cemetery Division in the Land Acquisition Department under the direction of a most capable undertaker and embalmer, Mr. C. E. Taylor, whose report appears with that of the Land Acquisition Department, but all legal work in connection with grave removal has been done by the Legal Department. The finest type of cooperation has existed and this problem which has given much trouble in similar projects has been handled with the minimum amount of friction and trouble.

#### OPINIONS AND SPECIAL STUDIES

During the fiscal year just closed many special problems have been referred to the Legal Department for study and for the preparation of opinions. This phase of the work involves practically all of the problems confronting the Authority during this period. The Trust Agreement with the South Carolina National Bank, the Loan and Grant Agreement with the United States and the Construction Fund Deposit Agreement have been studied for interpretation. For several months the Legal Department has been engaged in studying the Trust Indenture, with the object in view of securing amendments for its clarification and to make the work of the Authority during operations more practical. Various problems have arisen concerning the responsibilities of the Authority for damages in connection with clearing and other work of the Authority, as well as the Authority's responsibility in connection with timber removal, railroads, et cetera.

The problem of accumulated liquidated damages in connection with various contracts has been considered by the Legal Department as well as special land acquisition problems and our relation to highways, railroads and other Utilities. The Legal Department has been in charge of the preparation of contracts with the Fish and Wildlife Service of the Department of Interior and of the State Game Department, with the object in view of making the Santee-Cooper area one of the finest hunting and fishing areas in the nation. This work is well advanced and great results are expected for the entire people of the State through it. In all of the work of the Authority much research has been necessary and many briefs and



legal memoranda have been prepared. The correspondence has been extensive.

### PURCHASE OF UTILITY PROPERTIES

During the last fiscal year substantial progress has been made in acquiring properties of public utilities in order that thereby the benefits of the Santee-Cooper Project could be widely extended.

South Carolina Utility Company: On May 29, 1941, the Authority closed the purchase of all of the properties of South Carolina Utilities Company with the exception of the water plant in the town of Myrtle Beach and cooperated with the town of Myrtle Beach to the end that that good city could obtain its water distributing plant. This was a well managed Utility, operating principally in the County of Horry but with some properties in the County of Georgetown. Much of the work of this purchase was handled by the Legal Department. It required a very careful study of the corporate structure, franchises, licenses, titles to property and other legal problems in connection with the transaction. The Authority is now operating this Utility and is pleased with the fine service being rendered to the people of the communities in which the property is located. Already a substantial rate reduction has been given. It is proposed to connect this Utility directly with the Santee-Cooper Project with a proper transmission line.

South Carolina Properties of Associated Gas and Electric System: During the year much progress has been made in the negotiations conducted by Governor Burnet R. Maybank to acquire the properties of South Carolina Electric and Gas System, the same being Lexington Water Power Company, operating the large Lake Murray Development on the Saluda River and South Carolina Electric and Gas Company, operating power developments on the Broad River, and the steam plant and a distributing system in the City of Columbia and many other towns and rural communities in South Carolina. Negotiations have reached the preliminary contract stage and it is expected that at an early date a contract will be entered into for the purchase of these properties. Private bankers throughout the nation have indicated a desire to purchase the bonds to be issued for the acquisition of these properties and the Reconstruction Finance Corporation has been considering the financing for some time. It is believed that within the next few months the purchase can be consummated. During the fiscal year the Legal Department has been steadily engaged in drafting preliminary agreements and the study of problems involved.



TRANSMISSION LINE SECTION

On February 11, 1941 there was established in the Legal Department a section to perform the legal work necessary in connection with obtaining rights of way agreements for the construction of transmission lines.

By the end of the fiscal year a large portion of the abstract work for these two lines had been completed and settlements with property owners were in order. These lines are to be completed at an early date to carry out the committals for the delivery of power and require speedy and most accurate work.

CONDEMNATION UNIT

The fiscal year just completed has been the busiest year in connection with condemnation work. The procedure for condemnation is intricate and the applicable law must be strictly complied with. A larger volume of condemnation work reached the Legal Department than had been anticipated and during the year it was necessary to enlarge the Condemnation Unit so as to provide for the speedy dispatch of this important work.

A large number of cases have been handled, which in many cases require the institution of suits in equity for the distribution of funds. It is the policy of the Authority to conduct these equity suits for all parties who have cooperated in connection with the acquisition of lands.

The following is a statistical summary of the work of the Condemnation Unit:

- |   |                        |
|---|------------------------|
| (1) Total Number Condemnation Cases<br>Referred to Legal Department up<br>to June 30, 1941, Involving<br>139,776.15 acres | 580 cases (762 tracts) |
| (2) Condemnation Cases Instituted<br>Between July 1, 1940 and June<br>30, 1941  | 355 cases (484 tracts) |
| (3) Number of Referee Hearings,<br>July 1, 1940 to June 30, 1941  | 321 cases (427 tracts) |



- |     |   |                        |
|-----|---|------------------------|
| (4) | Amount of Money Deposited with Officers and Trustees During Fiscal Year | \$332,992.13           |
| (5) | Number of Deeds Taken During Fiscal Year Involving 79,128.5 Acres       | 274 Deeds (393 tracts) |
| (6) | Number of July Trials   | 43 (65 tracts)         |
| (7) | Number of Appeals to Appellate Courts During Fiscal Year                | 13 (18 tracts)         |

EQUITY DIVISION

- |     |   |     |
|-----|---|-----|
| (1) | Total Number of Suits Referred to Department  | 127 |
| (2) | Number of Suits Instituted During Fiscal Year | 46  |
| (3) | Number of Suits Completed During Fiscal Year  | 23  |

HEALTH AND SANITATION DIVISION

The hum of industry will supplant the hum of the mosquito in the coastal region of South Carolina when the Pinopolis power house of the Santee-Cooper project begins to generate millions of kilowatt hours of electrical energy to re-energize the economic life of this region because the Authority's Health and Sanitation Division has waged a relentless war during the past and former years against this pestilential scourge.

A scientific campaign has been directed on mosquito control with much originality of procedure, including a series of "automatic siphons" which were used so successfully in India. These siphons automatically drain stagnant pools or by periodic fluctuations keep the water in motion to destroy the mosquito larvae and thus prevent their propagation. Insofar as is known, this system of malarial control was used in this country for the first time on the Santee-Cooper project.

Another unique instrument used in the warfare against this dangerous pest is the mosquito catching station which uses a bright light to attract and a fan operating backwards impels the enemy into a trap. Hundreds of these were stationed about the project area to entrap and destroy millions of both the pest and malignant types and to give the laboratory



technicians a complete check on the percentage of the malignant or vector type in any given area.

Testing grounds were also located on the project for new experiments in malaria control and the findings thereon have been made available to state and national health units.

A very important phase of the campaign has been the protection of the some 12,000 men employed on the project and, so far as is known, not one case of malaria has developed. Much of the credit for this outstanding achievement can be given to the spraying crews who, armed with huge spray guns, spread thousands of tons of larvicidal oil at weekly intervals over all stagnant pools in the area. The anti-larval work during this period has required the services of two foremen and thirty larviciders.

This department has rendered a distinct Health Service in discovering and isolating those elements of plant life most friendly to the mosquito as a very integral part of the program is to encourage the mosquito's natural enemies and to discourage its natural friends.

Under the control of the Director of Health and Sanitation, is conducted the safety work, the object of which is to prevent accidents. This work has resulted in a very creditable accident record for this type of construction. In recognition of the fine work on the Santee-Cooper Project, the National Safety Council has awarded to the South Carolina Public Service Authority the "Award of Merit" which is now on display in the Viewing Stand at the Pinopolis Dam site about seven (7) miles north of Moncks Corner, South Carolina.

The Authority, realizing the paramount importance of continuous good health in the area of their huge development, recently completed a \$27,000.00 office building and storage warehouse on the Pinopolis Peninsular from whence a never-ending battle will be directed.

A part of the permanent campaign to be inaugurated immediately upon the filling of the two huge reservoirs will be carried out by sixteen highly powered 20-foot motor boats, each manned by a crew of six men armed with air-pressure guns for spraying mosquito poison both in powdered and liquid form along the far-flung shore lines of the two great lakes soon to be impounded.



These lakes will also be stocked with thousands of top-feeding minnows which are the natural enemies of the mosquito larvae and pupae and their planned use in the campaign is proof positive that the type of poison being used will not be injurious to the fish with which the lakes will be heavily stocked nor to the wild life that will find a new haven of refuge in this region.

The South Carolina Public Service Authority wishes to report that the expense engendered in their past health and sanitation campaign and that to be spent in their far-reaching future plans has been amply justified and will continue to be since public health is of transcending importance in the general weal.

#### LAND ACQUISITION DEPARTMENT

The Land Acquisition Department is pleased to be able to report as of June 30, 1941 the purchase of 1,124 tracts, or a total of 177,471,085 acres of land out of an ultimate 195,118 acres required.

This decided increase in land acquisition over previous reports reflects the agreeable change in feeling of those owning property in the basins toward the Authority, and this change can be accredited in no small measure to the humane and beneficial resettlement of the some 901 families living in the Santee-Cooper area and the Authority's proven willingness and eagerness for arbitration rather than litigation.

In no instance within the past year has either construction or clearing been delayed a day by inability of the Authority to clear the way for either contractors or the Work Projects Administration. Due credit, of course, should be given the General Superintendent of the WPA clearing forces for his splendid cooperation.

Due appreciation should be expressed also to the many landowners who permitted right of entry over their property far in advance of dates set for that purpose. To the Authority's credit be it noted that every request for extension of time for the removal of buildings and personal property has been gladly given and every effort made to apply the principles of the "Golden Rule" to what set out to be a most difficult problem.



### GRAVE REMOVALS

One of the most delicate and yet imperatively necessary problems facing this department was the removal of some 8,000 graves from 93 cemeteries lying within the lake areas. Quite a few of these contained the hallowed remains of South Carolina's most illustrious and history-making dead.

A highly reputable, licensed mortician was selected by the Authority, and he has within the past fiscal year mapped out 64 new cemeteries and removed 5,051 graves.

This department has obtained written consent from nearest relatives before removal and when requested, removed the departed to family plots in other cemeteries.

Innumerable letters of appreciation to the Authority from these nearest of kin attest to the sensitive discernment being exercised in the conduct of a complex of affairs so filled with feeling and sentiment.

### TITLE SECTION

During this, the past fiscal year, there have been prepared 142 abstracts connected with the acquisition of property by the Authority and also a number of other abstracts connected with resettlement work. Also during this period there have been prepared 437 Final Certificates bringing titles to date showing recording of the deeds to the Authority.

During this period the Title Division purchased the entire interest and part interest in 489 tracts of land and disposed of 388 other tracts by forwarding the files to the office of the General Counsel for condemnation with report on title and list of necessary parties checked to date of forwarding.

During this period the Title Division prepared 144 Contracts for purchase plus quite a number of duplications due to changes in terms, severance lines and other purposes.

During the period covered by this report, the Title Division prepared 25 timber leases covering re-sale of timber on lands acquired by the Authority, handling these to the point of execution by the purchaser and the forwarding of said papers and certified checks to the Office of the General Manager for final acceptance by the Authority. Also, a number of



leases were prepared for the purpose of WPA Camp Sites and access roads, and a number of settlements made and releases obtained for crop damages and other incidental matters connected with similar claims. In addition to this, based upon reviews of the files, a very large number of letters of recommendations with regard to release or non-release of tracts for WPA clearing and construction purposes have been written.

The activities of the Title Division have also included the reviewing of 491 files for the purpose of determining the availability of said tracts for purchase or condemnation and any other incidental matters in connection with attempts to cure defective titles or explain obscurities in same by affidavits, quit claims and other forms of investigation.

(The Title Division completed its work as of September 4, 1941, when its offices were closed and personnel released).

#### TRANSMISSION LINE SECTION

This Department's activities, which began about January 25, 1941, show the following results up to July 1, 1941.

Easements were obtained on 95% of the forty-five miles of right of way for transmission line from Pinopolis Power House to Bowman, South Carolina, consisting of approximately 100 separate easement agreements.

Easements were obtained on 85% of the thirty-five miles of right of way from Pinopolis Power House to Charleston Substation Site, consisting of approximately 105 separate easement agreements.

Contracts to purchase the Substation Site and Material Yard near Charleston were obtained.

Easements were obtained and agreements reached with County and City Authorities on 90% of the Transmission Line from Charleston Substation Site to Pittsburgh Metallurgical Company.

Proposals were obtained from approximately 22 landowners on the second line to be built from Charleston Substation Site to the Pinopolis Power House.



### TIMBER SECTION

During the past year the Timber Section continued its activities of appraising, cruising, selling and rushing the removal of the timber remaining in both Basins and along Transmission Lines.

Cutting and removal of timber lying immediately West of the Santee Dam has been completed and all rail and equipment removed.

The large body of virgin timber in the vicinity of the junction of the Congaree and Wateree Rivers was disposed of at a satisfactory price and numerous small timber sales were made to many concerns operating in the vicinity of both basins.

Total sales for the year amounted to \$204,028.10.

Personnel has been reduced as conditions warranted and at the end of the year consisted of one Timber Expert and one Assistant Field Engineer.

### GUIDES AND CUSTODIANS

The Authority employed four uniformed guides during the past fiscal year who were thoroughly versed in the answers to the myriad questions asked by the some 265,000 visitors from every state in the union to the multiphase project and who exercised commendable courtesy in guiding these visitors over its far-flung area.

The chief guide reports that from two to ten bus loads of school children visited the Project on each Saturday during the school semesters and that engineering classes from the University of South Carolina, Clemson and The Citadel have availed themselves of a firsthand study of the various electrical problems entailed in the creation of so vast a modern project.

The Authority cooperated with the State and County Law Enforcement Agencies through the regular employment of two Custodians who have Constable's commissions from the Governor. The area has been entirely free of unpleasant incidents during the past year.



### CLEARING OF BASIN AREAS

The Work Projects Administration during the past fiscal year has most efficiently and expeditiously cleared and grubbed the major portion of the 160,000 acres to be inundated and on this job have employed a peak of ten thousand men from all sections of the State. These men have been housed in well constructed and regulated camps with every consideration given to their health, comfort and recreation. This largest clearing unit on record has been ably directed and will be concluded on scheduled time.

### MAIL AND FILES DIVISION

The Authority maintains a central mail and files division which obviates the expense of multiple systems for each department and materially expedites the ingress and egress of a constant flow of correspondence.

This department during the past fiscal year handled 51,000 pieces of incoming mail and 81,000 items of outgoing mail. It maintains a most comprehensive filing system operated by a specially trained personnel which classified, indexed and filed over 200,000 separate items, including inter-departmental communications.

### DECLARED A DEFENSE PROJECT

On January 27, 1941, William S. Knudsen, Chief of the Office of Production Management declared the Santee-Cooper Project necessary to the National Defense and urged the Authority to bend every effort to have it completed at the earliest feasible date. Around-the-clock preparations were immediately ordered, priority rights utilized, and everything possible done to speed up delivery of the much sought after tremendous power flow from this state-owned project. (By the time you read this report the mighty turbines will be spinning and Santee-Cooper will have justified its creation).

### REPORT OF COMPTROLLER

The financial position of the South Carolina Public Service Authority at June 30, 1941, and the operations for the fiscal year ended June 30, 1941, together with financial statements, exhibits and schedules, are incorporated in the Report of Audit made by Wm. F. Muckenfuss, C. P. A., and



which audit is incorporated in detail in this Annual Report. The books of the Authority reflect the exact position reported by the Auditor and all pertinent transactions are covered therein.

### PUBLIC WORKS ADMINISTRATION

The Public Works Administration, the financing agency for the Project, has maintained offices, headed by a Project Engineer, in connection with the Santee-Cooper Project since before the start of construction. It is the duty of the Project Engineer to see that the provisions of the Loan and Grant Agreement between the Public Works Administration and the South Carolina Public Service Authority are carried out.

To this end, Public Works Administration maintains a staff of engineers and other experts in offices at Charleston and at the site of the Project. The Project Engineer passes on work done to see if it is in accordance with the plans and specifications, and sees that agreed standards in the treatment of labor and of safety are maintained. The presence of the Public Works Administration office, with its full authority to act for Public Works Administration, facilitates acts of the Authority when Public Works Administration approval is necessary.

A Project Auditor is also assigned by PWA to the Project. This official checks the property of all charges against the funds advanced by Public Works Administration for the Project.

The careful inspection provided by Public Works Administration provides an added safeguard of great value to the Authority.

### AUDITORS' REPORT

Your Honorable Body appointed William F. Muckenfuss and Associates, Accountants and Auditors, Charleston, South Carolina, to make a complete audit of the affairs of the Authority for the fiscal year ending June 31, 1941, the appointment being made by the Advisory Board in compliance with Act 887 of the Acts of the General Assembly of 1934. Their findings are hereby submitted as a part of the Authority's Report and are attached.